

## Assembly Joint Resolution No. 3

### RESOLUTION CHAPTER 71

Assembly Joint Resolution No. 3—Relative to taxation.

[Filed with Secretary of State August 22, 2011.]

#### LEGISLATIVE COUNSEL'S DIGEST

AJR 3, Dickinson. Federal taxation.

This measure would urge Congress to extend the alternative minimum tax holiday for private activity bonds.

WHEREAS, The federal Revenue and Expenditure Control Act of 1968 classified debt issued for publicly owned airports as tax-exempt private activity bonds; and

WHEREAS, The federal Tax Reform Act of 1986 required taxpayers to include interest income from private activity bonds for purposes of the alternative minimum tax; and

WHEREAS, The application of the alternative minimum tax within the bond marketplace results in investors requiring higher interest rate premiums when airports bring debt issues to market; and

WHEREAS, Airport bonds must typically carry interest rates 1.5 percent higher than nontaxable bonds, costing \$20 million in increased financing costs for a \$250 million airport project; and

WHEREAS, Congress enacted an alternative minimum tax holiday for private activity bonds resulting in increased levels of capital projects at airports nationwide; and

WHEREAS, Many airport capital construction projects address a combination of safety, security, and capacity requirements and will improve the efficiency of airport operations; and

WHEREAS, California airports are currently investing approximately \$2 billion in capital construction projects; and

WHEREAS, Capital investments at California airports are generating hundreds of construction and permanent employment opportunities; now, therefore, be it

*Resolved by the Assembly and the Senate of the State of California, jointly,* That the Legislature respectfully urges Congress to extend the alternative minimum tax holiday for private activity bonds to maintain strong capital investments at California airports; and be it further

*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the

Senate, and to each Senator and Representative from California in the Congress of the United States.

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